

# NOTES TO FINANCIAL STATEMENTS

## *POLICIES*

- NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
- NOTE 2 - COMPLIANCE WITH NEVADA REVISED STATUTES  
AND ADMINISTRATIVE CODE
- NOTE 3 - FUND ADDITIONS
- NOTE 4 - PRIOR PERIOD ADJUSTMENTS

## *ASSETS*

- NOTE 5 - CASH AND INVESTMENTS
- NOTE 6 - INTERFUND LOANS, RECEIVABLES, PAYABLES AND TRANSFERS
- NOTE 7 - DUE FROM/TO OTHER GOVERNMENTS
- NOTE 8 - LONG-TERM RECEIVABLES AND SEWER PLANNING
- NOTE 9 - RESTRICTED ASSETS
- NOTE 10 - PROPERTY AND EQUIPMENT
- NOTE 11 - OTHER ASSETS
- NOTE 12 - JOINT VENTURE

## *LIABILITIES*

- NOTE 13 - NEW FINANCINGS AND DEBT RELATED MATTERS
- NOTE 14 - WASHOE COUNTY DEBT
- NOTE 15 - ANNUAL PRINCIPAL/INTEREST REQUIREMENTS
- NOTE 16 - DEFERRED REVENUE
- NOTE 17 - OTHER LIABILITIES AND CONTINGENCIES

## *FUND EQUITY/RETAINED EARNINGS*

- NOTE 18 - CONTRIBUTED CAPITAL
- NOTE 19 - FUND BALANCE RESERVATIONS, DESIGNATIONS, DEFICITS,  
AND RETAINED EARNINGS/DEFICITS

## *REVENUES/EXPENDITURES/OTHER*

- NOTE 20 - ENTERPRISE FUND SEGMENT INFORMATION
- NOTE 21 - PARKS RESIDENTIAL CONSTRUCTION TAX
- NOTE 22 - PENSION PROGRAM
- NOTE 23 - OTHER POSTEMPLOYMENT BENEFITS
- NOTE 24 - RISK MANAGEMENT
- NOTE 25 - SUBSEQUENT EVENTS

## The 1880's

Washoe County entered the 1880's with a total population of 5,664; Reno residents totaled 1,302 and the unincorporated area contained 4,362 people. The new decade saw the arrival of the first bicycle in Reno on February 10, 1880. By 1881, according to the Reno Evening Gazette, "Reno had three public schools, five churches, two banks, 12 hotels, 22 stores, two daily newspapers, one theater, one flouring mill, one foundry and machine shop, one planing mill, three lumber yards, three livery stables, two wagon manufactories, one tannery, one cabinet shop, five meat markets, one gas works, besides several small stores, shops and saloons too numerous to mention.

The Sierra Nevada Wood and Lumber Company expanded its logging and wood business in 1881 at Crystal Bay at the north end of Lake Tahoe. The first rails for the company's railroad arrived in Crystal Bay in the spring of 1881 and eventually the line was extended into the woods north of Crystal Bay.

Incline (now Incline Village) was established as a "company town" in 1882 by the Sierra Wood and Lumber Company. The town received its name from the steeply inclined railway of 1,600 feet up which the lumber was hauled by a continuous car affair, based on a hydraulic plan, to a flume where it was flumed to Lakeview.

The 1885 legislature relocated the state university from Elko to Reno. In 1888 Reno had 900 children of school age, but only 500 Pupils actually attended.



**WASHOE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2000**  
**(CONTINUED)**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Financial Reporting Entity:**

Washoe County, Nevada is a municipality governed by a five-member elected Board of County Commissioners. The major operations of Washoe County include various tax assessments and collections, judicial functions, law enforcement, certain public health and welfare functions, road maintenance, parks, libraries, and various administrative activities.

These financial statements present all fund types and account groups of the County and its component units in accordance with generally accepted accounting principles. Component units include legally separate organizations for which the County is financially accountable. In the case of South Truckee Meadows General Improvement District and Truckee Meadows Fire Protection District, financial accountability is determined primarily by the Board of County Commissioners' participation as the governing body of these entities. As the governing body, the Board can impose its will on significant aspects of the operations of these entities. The following component units are "blended" or included within the financial statements of Washoe County.

South Truckee Meadows General Improvement District was formed in 1981 pursuant to Chapter 318 of the Nevada Revised Statutes (NRS) to furnish water, storm drainage, and sanitary sewer facilities to individuals within its geographic boundaries.

Truckee Meadows Fire Protection District provides fire protection and emergency medical services pursuant to NRS 474. These services are provided based on interlocal agreements with the cities of Reno and Sparks on a "closest to the scene" basis to provide the most efficient protection to area residents.

Separate financial statements for the two districts are filed at the Washoe County Clerk's Office, Washoe County Courthouse, Court Street and South Virginia, Reno, Nevada.

**Fund Accounting:**

The accounts of Washoe County are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance or retained earnings, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they will be spent and the means by which spending activities are controlled. The various funds in the financial statements are grouped into three broad fund categories and seven generic fund types as follows:

**Governmental Funds:**

- (1) The General Fund is the County's primary operating fund. It accounts for all financial resources except those required to be accounted for in other funds.
- (2) Special Revenue Funds account for proceeds of specific revenue sources (other than revenue accumulated for major capital projects) legally restricted to expenditures for specified purposes. Funds included in this category are:

Health Fund  
Agricultural Extension Fund  
Indigent Tax Levy Fund  
Child Protective Services Fund  
Senior Services Fund  
May Foundation Fund  
Administrative Assessment Fund

Enhanced 911 Fund  
Stabilization Fund  
Component Unit:  
Truckee Meadows Fire Protection  
District (TMFPD) – General Fund  
TMFPD Stabilization Fund

**WASHOE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2000**  
**(CONTINUED)**

- (3) Debt Service Funds account for the accumulation of resources for, and payment of, general long-term debt not financed by proprietary funds. Funds included in this category are:

Debt Service Fund	Component Unit:
Special Assessment Debt Service Fund	TMFPD Debt Service Fund

- (4) Capital Projects Funds account for the acquisition or construction of major capital facilities other than those financed by proprietary funds. Funds included in this category are:

Capital Facilities Fund	Extraordinary Maintenance Fund
Park Construction Tax Fund	Infrastructure Fund
Impact Fee Fund	Stormwater Impact Fee Fund
Public Works Construction Fund	Component Unit:
Special Assessment Projects Fund	TMFPD Construction Fund
	TMFPD Extraordinary Maintenance Fund

**Proprietary Funds:**

- (5) Enterprise Funds account for operations (a) which are intended as self-supporting through user charges or (b) where the Board has determined that periodic determination of net income is appropriate for management control and accountability. Funds included in this category are:

Water Resources Fund	Component Unit:
Golf Course Fund	South Truckee Meadows General
Toxicology Fund	Improvement District (STMGID)

- (6) Internal Service Funds account for services provided by one department to other departments of Washoe County, or to other governmental units, on a cost reimbursement basis. Funds included in this category are:

Risk Management Fund	Component Unit:
Health Benefits Fund	TMFPD Health Benefits Fund
Equipment Services Fund	

Washoe County elects not to follow Financial Accounting Standards Board pronouncements issued subsequent to November 30, 1989, in accordance with Governmental Accounting Standards Board Statement No. 20 for all proprietary funds.

**Fiduciary Funds:**

- (7) Agency Funds account for assets held by Washoe County in a trustee capacity or as an agent for other governmental units and/or funds. These funds do not present results of operations or have a measurement focus.
- (8) Expendable Trust Funds are accounted for in essentially the same manner as governmental fund types. Expendable trust funds are used to account for assets where both principal and interest may be spent.
- (9) The Investment Trust Fund accounts for the external portion of the county investment pool.

**Account Groups:**

- The General Fixed Assets Account Group accounts for capital assets not reported in proprietary funds, costing at least \$3,000 and having a useful life in excess of one year. Examples are land, buildings, improvements, and certain equipment.
- The General Long-Term Obligations Account Group accounts for debt and other liabilities expected to be financed from governmental resources in the future, and the sources from which the County expects to obtain that financing.

**Measurement Focus, Basis of Accounting:**

**Governmental, Expendable Trust and Agency Funds:**

Washoe County maintains accounting records for all governmental, expendable trust and agency funds on the modified accrual basis of accounting. This method provides for recognizing expenditures when the related

**WASHOE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2000**  
**(CONTINUED)**

fund liability is incurred, except for unmatured interest on general long-term obligations and certain compensated absences, which are recognized when the obligations are expected to be liquidated with expendable, "available financial resources." Revenues are recorded when susceptible to accrual or measurable and available to finance expenditures of the fiscal period. Measurable means the amount can be determined; available means due and collected during the current period or within 60 days after year-end. When revenues are due but will not be collected within 60 days after year-end, the receivable is recorded and an offsetting deferred revenue account is established.

Governmental revenues susceptible to accrual are ad valorem taxes, interest, grant revenues and revenues collected and distributed by the State. These include consolidated taxes, supplemental city/county relief taxes, motor vehicle privilege taxes, and motor fuel taxes. Construction taxes, licenses and permits, fines, and charges for services are recognized as revenue when they are received.

All governmental and expendable trust funds are accounted for on a spending or "flow of current financial resources" measurement focus, meaning that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental and expendable trust fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period. Fixed assets used in these fund operations, and long-term liabilities expected to be financed from these funds, are accounted for in account groups, as they are concerned only with the measurement of financial position and are not involved with measurement of results of operations.

**Proprietary and Investment Trust Funds:**

Accounting records for proprietary funds and the investment trust fund are maintained on the accrual basis of accounting, meaning revenues are recognized at the time they are earned and expenses are recognized when the related liabilities are incurred. These funds are accounted for on a cost of services or "flow of economic resources" measurement focus. All assets and all liabilities (including fixed assets and long-term debt) associated with their activity are included on their balance sheets. Fund equity (net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets. Costs of providing goods and services during the period include depreciation and inventory consumed.

Expenses charged to internal service funds are limited to incremental costs specifically attributable to the activity. Administrative and facility costs incurred and/or absorbed by other departments are not recognized in the funds as these costs are not considered material with respect to the operations of the funds. Retained earnings greater or less than required to support ongoing operations are moderated by adjustments of future charge rates appropriate to accomplish the long-term cost recovery objectives of each fund.

**Budgets and Budgetary Accounting:**

Washoe County adheres to the Local Government Budget Act incorporated within state statutes, which includes the following major procedures to establish the budgetary data reflected in these financial statements.

1. On or before April 15, 1999, the Board of County Commissioners filed a tentative budget with the Nevada Department of Taxation. Public hearings on the tentative budget were held on the third Monday in May 1999. On or before June 1, 1999, at a public hearing, the Board adopted a final budget. The budget was filed with the Nevada Department of Taxation.
2. Budgets are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP) for all funds except the investment trust fund and agency funds, which do not require budgets. Formal budgetary integration in the financial records is employed to enhance management control during the year for all funds requiring budgets. Unencumbered appropriations lapse at year-end. The ensuing year's budget is augmented to provide for the payment of prior year encumbrances.

**WASHOE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2000**  
**(CONTINUED)**

3. The legal level of budgetary control is at the function level for the General Fund, special revenue, debt service and capital projects funds, and by the sum of operating and non-operating expenses in the proprietary funds. Statutes do not require that capital outlay, debt service payments and other cash transactions normally reflected in the balance sheet of the proprietary funds be limited by the budget. However, it is county policy that these items be approved prior to payment and are budgeted in the Statement of Cash Flows and in the corresponding Budget Form F-2.
4. The Budget Coordinator is authorized to transfer appropriations within and between funds if amounts do not exceed the original budget. The Board of County Commissioners is advised of the transfer and the transfer is recorded in the minutes. Augmentations in excess of the original budget require approval from the Board of County Commissioners. The budget was adjusted during the fiscal year. Budgetary transfers and grant entries had no effect on budgeted fund balances. Transfers from contingency totaled \$1,465,274 in the General fund, \$328,486 in the Truckee Meadows Fire Protection District (TMFPD) General Fund and \$84,000 in the TMFPD Construction Fund. Augmentations from beginning fund balance (including reserved for encumbrances) and previously unbudgeted resources increased the following fund appropriations:

General Fund	\$ 9,119,963
Special Revenue Funds	869,032
Capital Projects Funds	4,013,458
Internal Service Funds	8,500
Blended Component Units	<u>1,006,841</u>
Total Augmentations	<u>\$ 15,017,794</u>

**Cash and Investments:**

For purposes of the statement of cash flows presented for proprietary funds, cash equivalents are defined as short-term, highly liquid investments, generally with original maturities of three months or less. Since all cash in proprietary funds is pooled with the rest of the County's cash and is available upon demand, all cash and investments in those funds are considered cash equivalents.

Investments are recorded at fair value. Interest earned on investments is allocated to certain funds based on average daily cash balances.

Pursuant to NRS 355.170, Washoe County may invest in the following types of securities:

- Obligations of the United States, or an agency or instrumentality of the United States, or a corporation sponsored by the government, maturing within ten (10) years from the date of purchase.
- Time certificates of deposit from commercial banks and insured savings and loan associations within the State of Nevada, and certain farm loan bonds.
- Certain securities issued by local governments of the State of Nevada and other securities expressly provided by other statutes, including repurchase agreements.
- Money market mutual funds that are registered with the Securities and Exchange Commission, are AAA rated and invest only in securities of the Federal Government or fully collateralized repurchase agreements.

NRS 355.172 requires the Treasurer or his agent to take physical possession of collateral in the name of Washoe County for all securities except those subject to repurchase by the seller if the County has a fully perfected, first-priority security interest having a fair market value equal to or greater than the repurchase price of the securities. The trust department of Bank of New York takes physical possession of all securities for repurchase agreements, in compliance with appropriate statutes.

**Investment Pool Investment Income:**

Interest income is recorded on the accrual basis in the investment pool. Net realized gains (losses) on investments are the sum of differences between the cost (if purchased during the fiscal year) or the fair

**WASHOE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2000**  
**(CONTINUED)**

value of the investment at the beginning of the year, and the net selling price received for investments that are sold or matured.

The net increase (decrease) in fair value of investments in the investment pool is the difference between the cost (if purchased during the fiscal year) or the fair value of the investments at the beginning of the year, and the fair value of the investments at the end of the year.

**Property Taxes Receivable:**

All real property in Washoe County is subject to physical reappraisal every five years. Annual adjustments are made to the assessed valuation to reflect general changes in property values. The assessed valuation of the property and its improvements is computed at 35% of "taxable value" as defined by statute. Taxable value is defined as full cash value for land, replacement cost less straight-line depreciation for land improvements, and statutory depreciation for personal property. The maximum depreciation allowed is 75% of replacement cost.

The maximum tax rate for all overlapping governmental units within any county, as established by the state constitution, is \$5 per \$100 assessed valuation. The combined overlapping rate for any county is further limited by state statute to \$3.64 per \$100 assessed valuation except in cases of severe financial emergency as defined in NRS 354.705. The County's individual tax rate for 1999-00 was \$1.2495 per \$100 of assessed valuation. The total combined rate was \$2.5380 per \$100 of assessed valuation in the unincorporated area of the County, exclusive of special district tax rates.

Tax rates are levied by the County Commissioners immediately after the Nevada Tax Commission has certified the combined tax rate. The individual tax rate was certified by June 25, 1999 and submitted to the Treasurer for collection. The tax rate levied is for the current fiscal year, July 1 to June 30, and the taxes are considered a lien against real property attaching on July 1. The tax for the 1999-00 fiscal year was due and payable on the third Monday in August 1999. Taxes may be paid in four equal installments on the third Monday in August and the first Mondays in October, January and March.

Taxes on personal property are collected currently. Personal property declarations are mailed out annually and the tax is computed using percentages of taxable values established by the Department of Taxation and the tax rates. The major classifications of personal property are commercial and mobile homes. In Washoe County, taxes on motor vehicles are collected by a state agency and remitted to the County based on statutory formulas.

Secured roll property taxes receivable reflect only those taxes receivable from the last two delinquent roll years. Delinquent taxes from all roll years prior to 1998-99 have been written off. No provision for uncollectible amounts has been established since management does not anticipate any material collection loss in respect to the remaining balances.

Personal property taxes receivable reflect only those taxes management believes is collectible from the two prior years (75% of the 1999-00 roll balances and 25% of the 1998-99 roll balances). Delinquent personal property taxes from all other prior years have been written off.

**Inventories:**

Inventories for proprietary funds are valued at the lower of cost or market on a first-in, first-out basis. Truckee Meadows Fire Protection District General Fund inventories are valued at cost on a first-in, first-out basis, which approximates market, from which items are recorded as expenditures when consumed rather than when purchased. For all other funds, Washoe County charges consumable supplies as expenditures against appropriations at the time of purchase. Any inventories of such supplies at June 30 are not material to the individual funds and are not recognized in these financial statements.

**Fixed Assets:**

Fixed assets purchased in governmental and expendable trust funds are recorded as expenditures at the time of purchase and capitalized at historical cost in the General Fixed Assets Account Group. Donated

**WASHOE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2000**  
**(CONTINUED)**

assets are recorded at their estimated fair market value on the date contributed. Public domain (infrastructure) general fixed assets, consisting of improvements such as bridges, curbs and gutters, streets and sidewalks, are not capitalized in the General Fixed Assets Account Group. No depreciation has been provided on fixed assets in the General Fixed Assets Account Group. Construction period interest is not capitalized in the General Fixed Assets Account Group and is shown as interest costs in the debt service funds.

Fixed assets of proprietary funds are recorded at cost. Contributed assets are recorded at their estimated fair market value on the date of contribution. Construction period interest is capitalized when required under the guidelines of Statement of Financial Accounting Standards No. 62. Depreciation is computed using the straight-line method for all assets over the estimated useful lives of the assets, which range from three to fifty years. Depreciation for contributed assets is shown as a reduction of the contribution rather than as a reduction of retained earnings.

**Arbitrage Liability:**

The County has determined it is liable to the federal government (pursuant to tax law) for arbitrage rebate on the proceeds of the 1998 Sales Tax Revenue Bonds. The revenue reduction method of reporting is used whereby arbitrage rebate is recorded as a reduction of interest income. As of June 30, 2000, the liability has been calculated to be \$169,950 and is reported as a fund liability of the County's Infrastructure Fund.

**Long-term Obligations:**

The County records long-term debt of governmental funds at face value in the general long-term debt account group. Other governmental fund obligations not expected to be financed with current available financial resources are also recorded in the general long-term debt account group. Long-term debt and other obligations financed by proprietary funds are recorded as liabilities in the appropriate funds.

For governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as other financing sources net of the applicable premium or discount. Issuance costs, whether or not withheld from the actual net proceeds received, are reported as debt service expenditures. For proprietary fund types, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as deferred charges.

**Compensated Absences:**

The current portion of the cost of compensated absences is recorded as a payroll expenditure in governmental funds. The long-term portion of these costs is reflected as a liability in the General Long-Term Obligations Account Group. The current portion of compensated absences is defined as those benefits actually paid or accrued as a result of employees who have terminated employment by June 30. Agreements with various employees' associations provide for payment of total accrued compensatory and vacation time in all cases. Accumulated sick leave benefits are payable to terminated employees who have accumulated ten years of service at a rate of 1 hour paid for every 2 hours earned in excess of the first three hundred hours, to a maximum payment of six hundred hours. Compensated absences are recorded within proprietary funds when the liabilities are incurred.

**Encumbrances:**

Encumbrances are purchase orders, contracts, and other commitments for the expenditure of monies that are identified to better control expenditures and monitor appropriations and are included as an extension of formal budgetary integration. The actual expenditure is not recorded until the related service has been performed or the goods or products have been received, at which time the encumbrance is relieved. Encumbrances outstanding at year-end are reported as reserved fund balances in governmental funds and augment the subsequent year appropriations.

**Total Columns on Combined Statements:**



**WASHOE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2000**  
**(CONTINUED)**

Total columns on general purpose financial statements are captioned as "memorandum only" to indicate that they are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations, or changes in cash flows in conformity with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of the data.

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the County's financial position and operations. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

**NOTE 2 - COMPLIANCE WITH NEVADA REVISED STATUTES AND ADMINISTRATIVE CODE**

The County conformed to all statutory and code requirements on its financial administration during the year with the following exceptions:

**In the General Fund:**

Actual expenditures exceeded budget appropriations by \$1,853 in the Intergovernmental classification. This is a potential violation of NRS 354.626.

**In the Enhanced 911 Fund:**

The actual unreserved ending fund balance of \$860,102 exceeds the statutory limit of \$500,000 per NRS 244A.7645. During the next fiscal year excess fund balance must be committed for expenditure or a reduction in the amount of surcharge imposed would be required to ensure the unencumbered balance in the fund does not exceed the limitation.

**In the Debt Service Fund:**

Total actual expenditures exceeded budgeted appropriations by \$7,455. There was no appropriation for the payments on the new Sheriff's Department lease. Although this appears to be a violation of NRS 354.626, the overexpenditure occurred as a result of debt service payments expressly authorized by law, which falls under the exception to the criteria for overexpenditure.

**In the Special Assessment Debt Service Fund:**

Total actual expenditures exceeded budget appropriations by \$2,082,883. Total Non-Ad Valorem Supported Debt exceeded budget appropriations by \$2,045,576. Although this appears to be a violation of NRS 354.626, the overexpenditure occurred as the result of debt service repayments expressly authorized by law, which falls under the exception to the criteria for overexpenditure. Actual expenditures in the General Government Function exceeded budget appropriations by \$37,307. This is a potential violation of NRS 354.626.

**In the Capital Facilities Fund:**

Actual expenditures exceeded budget appropriations by \$5,671 in the Intergovernmental classification. This is a potential violation of NRS 354.626.

**In the Health Benefits Fund:**

Actual expenses exceeded budgeted appropriations by \$44,840. This is a potential violation of NRS 354.626.

**In the Accrued Benefits Fund:**

Actual expenditures exceeded budget appropriations by \$33,145 in the General Government Function. This is a potential violation of NRS 354.626.

**WASHOE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2000**  
**(CONTINUED)**

**NOTE 3 - FUND ADDITIONS**

The Stormwater Impact Fee Fund, a capital projects fund, was established to provide an accounting for construction of stormwater detention and drainage facilities. Principle resources are from impact fees levied on both residential and commercial developers.

**NOTE 4 - PRIOR PERIOD ADJUSTMENTS**

The balance of retained earnings of the Truckee Meadows FPD Health Benefits Fund has been restated from amounts previously reported to correct an accounting error in the amount of expenses reported for insurance claims. As a result of the restatement, the Truckee Meadows FPD Health Benefits Fund's retained earnings, as of the beginning of the year, has been increased by \$66,281.

In addition, previously omitted cash and investments of \$1,511,904 of Court Trust Accounts and Senior Service Agency Funds were included by restating the beginning balance for the Agency Funds Combining Statement of Changes in Assets and Liabilities. There was no change to fund balance.

**NOTE 5 - CASH AND INVESTMENTS**

Washoe County's investments are categorized as either (1) insured or registered for which the securities are held by the government or its agent in the government's name, (2) uninsured and unregistered for which the securities are held by the counterparty's trust department or agent in the government's name, or (3) uninsured and unregistered for which the securities are held by the counterparty, or by its trust department or agent but not in the government's name.

INVESTMENTS:	CATEGORIES			CARRYING AMOUNT	FAIR VALUE	FUND
	1	2	3			
Repurchase agreements	\$ 14,500,000	-	-	\$ 14,500,000	\$ 14,500,000	Pool
U.S. Treasury notes and bonds	8,691,875	-	-	8,691,875	8,691,875	Pool
U.S. Government Securities	142,825,735	-	-	142,825,735	142,825,735	Pool
Municipal bond	1,185,397	-	-	1,185,397	1,185,397	Debt Service
	<u>\$ 167,203,007</u>	<u>-</u>	<u>-</u>			
Money Market Mutual Funds - pooled				4,597,631	4,597,631	Pool
Subtotal				171,800,638	171,800,638	
Money Market Mutual Funds-						
Public Works Construction Fund bond proceeds				9,811,336	9,811,336	(1)
Infrastructure Fund bond proceeds				19,874,673	19,874,673	(2)
Agency				433,434	433,434	Agency
Total Investments				201,920,081	<u>\$201,920,081</u>	
Total Cash (Carrying Amount)				<u>8,127,642</u>		
Total Cash and Investments (3)				<u>\$210,047,723</u>		

(1) Public Works Construction Fund

(2) Infrastructure Fund

(3) Total cash and investments include restricted cash held in the Water Resources, Risk Management, Golf Course and South Truckee Meadows General Improvement District Funds.

Statute NRS 355.172(3) requires that securities underlying repurchase agreements must, at the time of purchase, have a fair market value equal to or greater than the repurchase price of the securities. The fair market value of the securities underlying the above repurchase agreements exceeded the repurchase price at the date of purchase as required.

**WASHOE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2000**  
**(CONTINUED)**

Pooled investments are carried at fair value determined by quoted market prices, net of accrued interest. All pooled investments are physically collateralized and held by Bank of New York, except for the Money Market Mutual Funds.

Investment income has been allocated to funds pursuant to the provisions of the NRS 355.170 - 175, which allows income from investments associated with one fund to be assigned to another fund.

CASH BALANCE:	CARRYING AMOUNT	BANK BALANCE
On hand and in-transit	\$ 701,222	\$ 156,809
Bank of America Nevada, checking - Account 1002 - (including \$800,000 compensating balance)	2,288,896	2,367,067
Bank of America Nevada, payroll checking	(718)	92,059
Washoe Credit Union, Sheriff Commissary account	78,729	128,137
Bank of America Nevada, checking - May Museum Gift Shop	1,086	1,086
Various bank accounts, Sheriff	255,867	370,218
Bank of America Nevada, checking - Health Department	177,953	177,953
Wells Fargo Bank, N.A., checking - (including \$100,000 compensating balance)	141,248	4,195,256
Bank of America Nevada, certificates of deposit	2,998,000	2,998,000
Bank of America Nevada, checking - Health Benefits	-	226,785
Bank of America Nevada, checking - Parks	47,481	71,018
Various bank accounts, District Courts	1,404,036	1,416,244
Bank of America Nevada, checking - Senior Services	33,842	40,850
	<hr/>	<hr/>
Total Cash	\$ 8,127,642	\$ 12,241,482
	<hr/>	<hr/>

Insurance and collateral on deposits is as follows at June 30, 2000: Bank demand deposits of \$505,849 are insured through Federal Deposit Insurance Corporation (FDIC); \$11,479,178 of deposits in excess of FDIC coverage are collateralized by securities held by the County's agent in the County's name; \$128,137 of credit union deposits are uncollateralized and not federally insured; and \$128,318 of deposits in excess of FDIC coverage are uncollateralized and not federally insured.

The difference between the carrying amount and bank balance results from outstanding checks and deposits not yet reflected in the banks' records. Bank balances exceed the County's carrying amount by \$4,113,840.

Washoe County administers an external investment pool combining Washoe County money with voluntary investments from Washoe County School District, Regional Transportation Commission, JOIN, TRWQSA Joint Venture and the Washoe County Library Gift Fund. The Board of County Commissioners has overall responsibility for investment of County funds, including the Investment Trust Fund, in accordance with NRS 355.175. The Washoe County Chief Investment Official is the Washoe County Treasurer, under authority delegated by the Board of County Commissioners. The County Treasurer and delegated staff are the Investment Officers of Washoe County. The Investment Committee created by Washoe County Code Section 15.220 has been delegated the investment decision making authority in Washoe County and serves also in an advisory capacity to the Treasurer and Board of County Commissioners. Bank of New York determines the fair value of Washoe County investments monthly. The County has not provided or obtained any legally binding guarantees during the period to support the value of shares. The external investment pool is not registered with the SEC as an investment company.

The participant's share and redeemed value are calculated using the same method. Each participant's share is equal to their original investment plus or minus monthly allocation of interest income, realized and unrealized gains and losses. The determination of realized gains and losses is independent of the determination of the net change in the fair value of investments and realized gains and losses on investments that were held by the governmental entity during a previous accounting period(s) but sold during the current period were used to compute the change in the fair value of investments for the previous year(s) as well as the current year.

**WASHOE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2000**  
**(CONTINUED)**

Summary of investments held in the external investment pool at June 30, 2000:

<b>INVESTMENT TYPE</b>	<b>FAIR VALUE</b>	<b>PRINCIPAL AMOUNT/ NUMBER OF SHARES</b>	<b>INTEREST RATE</b>	<b>MATURITY DATES</b>
Repurchase agreements	\$ 14,500,000	\$ 14,500,000	6.20%	July 3, 2000
U.S. Treasury notes and bonds	8,691,875	9,000,000	4.25% - 6%	November 30, 2001- August 15, 2004
U.S. Government Securities	142,825,735	147,570,000	4.98 - 7.21%	September 22, 2000- February 10, 2009
Money Market Mutual Fund	4,597,631	4,597,631 shares	Variable	July 3, 2000
Total Pooled Investments	<u>\$ 170,615,241</u>			

External Investment Pool financial statements:

**Statement of Net Assets, June 30, 2000**

**Assets**

Investments in securities	
U.S. Treasury notes and bonds	\$ 8,691,875
U.S. Government and Agencies	142,825,735
Repurchase agreements	14,500,000
Money market mutual funds	4,597,631
Interest receivable	<u>2,315,105</u>

**Total assets** **\$172,930,346**

**Net assets** **\$172,930,346**

Net assets consist of:

Internal participants	\$128,752,929
External participants	<u>44,177,417</u>

**Total net assets held in trust for pool participants**  
**(Participant units outstanding, \$1.00/par)** **\$172,930,346**

**Statement of Changes in Net Assets, Year Ended June 30, 2000**

**Additions**

Investment earnings	\$ 10,510,932
Net realized loss on investments	(50,291)
Net decrease in fair value of investments	<u>(1,704,558)</u>
Net increase in net assets resulting from operations	8,756,083

**Capital share transactions** **3,234,193**  
Total increase **11,990,276**

**Net assets**

Beginning of year	<u>160,940,070</u>
End of year	<u><b>\$172,930,346</b></u>

**NOTE 6 - INTERFUND LOANS, RECEIVABLES, PAYABLES AND TRANSFERS**

The Board of County Commissioners approved interfund loans from the General Fund to the Special Assessment District (SAD) No. 26 - Matterhorn Drive, SAD No. 27 - Osage/Placerville Roads, and SAD No. 25 - Calle De La Plata Road in amounts not to exceed \$685,000, \$260,000, and \$508,000, respectively. The loans were at a 6% annual rate of interest, on an as needed basis, to cover the cost of road construction. Proceeds from the issuance of Local Improvement District Bonds, Series 1999 repaid the loans in October, 1999.

**WASHOE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2000**  
**(CONTINUED)**

Operating transfers are shown as other financing sources or uses as appropriate in all governmental funds. In proprietary funds they are reflected as operating transfers. In the Water Resources Fund, certain transfers are reflected as contributions and as residual equity transfers in the General Fund. Residual equity transfers from the Water Resources Fund to the General Fund are hookup fees of specified projects. Transfers for the year are:

	Operating Transfers In	Operating Transfers Out	Residual Equity/ Contributions In (Out)
General Fund - in	\$ 122,670	\$ -	\$ 685,528
General Fund - (out)	-	25,373,708	(1,964,150)
Special Revenue Funds:			
Health	6,441,419	261,571	-
Child Protective Services	808,555	175,004	-
Senior Services	153,700	2,394	-
May Foundation	30,500	-	-
Administrative Assessment	121,017	-	-
Stabilization	500,000	-	-
Truckee Meadows FPD - General Fund	-	624,134	-
Debt Service Funds:			
Debt Service	5,917,931	-	-
Special Assessment Debt Service	30,069	307,377	-
Truckee Meadows FPD - Debt Service	172,228	-	-
Capital Projects Funds:			
Capital Facilities	178,302	2,795,738	-
Park Construction Tax	34,900	-	-
Public Works Construction	7,607,552	59,512	-
Special Assessment Projects	307,377	30,069	-
Infrastructure	150,000	1,049,324	-
Truckee Meadows FPD - Construction	275,000	-	-
Enterprise Funds:			
Water Resources - in	1,454,704	-	1,964,150
Water Resources - (out)	-	180,058	(685,528)
Toxicology Fund	150,000	-	-
Internal Service Funds:			
Risk Management	700,000	-	-
Health Benefits	1,694,599	-	-
Equipment Services	34,371	-	-
Truckee Meadows FPD - Health Benefits	80,000	-	-
Fiduciary Funds:			
Pre-Funded Retiree Health Benefits	2,564,156	-	-
Accrued Benefits	1,232,933	-	-
Truckee Meadows FPD - Unemployment			
Compensation Insurance	12,000	-	-
Truckee Meadows FPD - Vacation & Sick			
Leave Accrual	84,906	-	-
Total Transfers	\$ 30,858,889	\$ 30,858,889	\$ -

**WASHOE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2000**  
**(CONTINUED)**

**NOTE 7 - DUE FROM/TO OTHER GOVERNMENTS**

	<u>DUE FROM</u>	<u>DUE TO</u>
Grants Receivable:		
General Fund	\$ 1,377,592	\$ 335,811
Health Fund	1,148,721	-
Senior Services Fund	87,590	-
Child Protective Services Fund	373,725	-
Water Resources Fund	7,695	49,550
Capital Facilities	20,000	-
Public Works Construction Fund	248,109	-
Parks Construction Tax Fund	8,579	-
Services Provided/Received:		
General Fund	900	-
Toxicology Fund	27,476	-
Public Works Construction Fund	89,862	-
Assets/liabilities held for Agency Funds	3,619,293	26,208,721
Contractual Payments:		
General Fund	249,045	117,830
Enhanced 911 Fund	-	43,871
Indigent Tax Levy Fund	-	743,497
Child Protective Services Fund	808,316	-
Truckee Meadows FPD General Fund	32,600	-
Capital Facilities Fund	-	41,551
Water Resources Fund	59,818	112,585
South Truckee Meadows GID	-	3,230
	<u>                    </u>	<u>                    </u>
Total Due From/To Other Governments	\$ 8,159,321	\$ 27,656,646

**NOTE 8 - LONG-TERM RECEIVABLES AND SEWER PLANNING**

Long-term receivables in the Water Resources Fund of \$281,132 include the long-term portion of a note receivable dated March 28, 2000, from Wolf Run Golf Course (Golf Vision Development, LLC and the Athletic Association of the University of Nevada) for \$147,880. Interest is at prime plus two percent and monthly payments are \$1,387 using a 30-year amortization period with a balloon payment due on April 1, 2015 (after 15 years). Also included is \$133,252 of long-term developer design and water upgrade receivables.

The County is currently involved in a regional sewer expansion study with the cities of Reno and Sparks. Allocation of expansion costs among these entities is currently being negotiated.

**NOTE 9 - RESTRICTED ASSETS**

Cash received from dissolution of a general improvement district is restricted in the Water Resources Fund for water/sewer improvements within the geographic area. Water remediation fees collected are restricted for future water quality and quantity projects. The disbursement of the restricted cash will result in an increase in fixed assets with no effect on retained earnings. Total restricted cash of \$3,645,076 at June 30, 2000, is comprised of \$3,428,850 for water remediation and \$216,226 for Horizon Hills water and sewer system improvements as stipulated in the Horizon Hills GID dissolution agreement.

Golf Course Fund has restricted cash of \$178,621 for the balance of bond proceeds and for the payment of principal and interest on the Golf Course Series 1997 bond issue of \$3,000,000. The bond covenants state that 1/6th of the semiannual interest and 1/12th of the annual principal payments shall be set aside from revenues each month to retire the debt. The balance of bond proceeds at June 30, 2000 is \$47,554 and will

**WASHOE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2000**  
**(CONTINUED)**

be used for bond project costs. The balance of \$131,067 in restricted cash is set aside to meet the requirements of the bond covenant.

South Truckee Meadows General Improvement District has restricted cash of \$1,771,162. The governing board restricted \$1,256,020 for a series of capital projects, \$315,142 to conduct future water supply facility activity efforts, and \$200,000 for debt service.

Cash of \$2,998,000 was restricted in the Risk Management Fund, an internal service fund, pursuant to NRS 616B.300 as deposit for workers compensation, to insure the payment of claims. This deposit is held in an investment account managed by the County, in the State of Nevada's name.

**NOTE 10 - PROPERTY AND EQUIPMENT**

A summary of changes in the General Fixed Assets Account Group follows:

<u>ASSET DESCRIPTION</u>	<u>Balance June 30, 1999</u>	<u>Transfers In/ Additions</u>	<u>Completed Construction</u>	<u>Transfers Out/ Deletions</u>	<u>Balance June 30, 2000</u>
Land	\$ 59,738,905	\$ 2,779,820	\$ 5,046,248	\$ -	\$ 67,564,973
Land improvements	27,335,283	1,416,580	1,206,011	-	29,957,874
Buildings/improvements	120,553,551	1,898,248	7,996,481	-	130,448,280
Equipment	24,096,115	2,887,764	457,658	(1,265,826)	26,175,711
Construction in progress	37,330,968	10,986,375	(14,706,398)	(7,382,887)	26,228,058
Total General Fixed Assets	<u>\$ 269,054,822</u>	<u>\$ 19,968,787</u>	<u>\$ -</u>	<u>\$ (8,648,713)</u>	<u>\$ 280,374,896</u>

<u>CONSTRUCTION EXPENDITURES</u>	<u>Balance June 30, 2000</u>	<u>Contracts Outstanding</u>	<u>Future Financing</u>
Miscellaneous park projects	\$ 3,851,594	\$ 285,864	\$ -
Miscellaneous public works projects including General Fund	4,697,290	1,685,423	-
New housing units for jail facility	10,860,479	712	-
Truckee Meadows project	2,524,319	-	-
Special assessment district projects	486,142	825,995	-
Infrastructure projects	533,787	3,962,216	-
Public Safety training facility	283,038	-	14,500,000
Sidehill stormwater basin	920,993	-	-
Regional groundwater management plan	895,775	-	-
Spanish Springs facility plan	956,229	-	-
Regional radio dispatch system	218,412	9,583,282	-
Total Construction Expenditures	<u>\$ 26,228,058</u>	<u>\$ 16,343,492</u>	<u>\$ 14,500,000</u>

In addition, the Water Resources Fund and South Truckee Meadows General Improvement District have entered into contracts for the construction of water related projects with outstanding balances of \$1,317,369 and \$1,000,950 respectively.

**WASHOE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2000**  
**(CONTINUED)**

A summary of proprietary fund property and equipment follows:

	Enterprise Funds	Internal Service Funds	Total June 30, 2000	Depreciable Lives
Land and improvements	\$ 109,098,996	\$ 105,901	\$ 109,204,897	5-50 years
Buildings and improvements	13,764,119	13,110	13,777,229	15-50 years
Equipment	4,623,244	19,578,090	24,201,334	5-15 years
Construction in progress	8,860,410	-	8,860,410	-
Total Fixed Assets	136,346,769	19,697,101	156,043,870	
Accumulated depreciation	(24,421,160)	(12,718,913)	(37,140,073)	
Net Fixed Assets	<u>\$ 111,925,609</u>	<u>\$ 6,978,188</u>	<u>\$ 118,903,797</u>	

**NOTE 11 - OTHER ASSETS**

Other assets in enterprise funds consist of \$2,146,884 of unamortized cost of the plant capacity of a sewer treatment plant purchased from the Sun Valley Water and Sanitation District and capacity rights of the interceptors in the Spanish Springs area. The County will have access to capacity rights in the sewer treatment plant for certain unincorporated areas of the County in perpetuity, with the cost being amortized over forty years. The balance in internal service funds include \$3,002,982 refundable equipment deposits relating to leased equipment; \$445,999 prepaid lease expense in the Equipment Services Fund; \$196,824 for prepaid insurance premiums in the Risk Management Fund; \$256,977 stop loss reimbursement in the Health Benefits Fund.

**NOTE 12 - JOINT VENTURE**

Pursuant to an interlocal agreement amended and restated on June 11, 1997 and July 28, 1998, Washoe County, and the cities of Reno and Sparks have entered into a joint venture for the purchase of water rights pursuant to the Truckee River Water Quality Settlement Agreement (TRWQSA) dated October 10, 1996.

Parties to the TRWQSA are Washoe County, City of Reno, City of Sparks, United States Department of the Interior (DOI), U.S. Department of Justice, U.S. Environmental Protection Agency, Nevada Division of Environmental Protection and the Pyramid Lake Paiute Tribe of Indians (TRIBE).

The agreement settled and dismissed pending litigation by the TRIBE filed 12 years ago relating to the expansion of the Truckee Meadows Water Reclamation Facility (TMWRF), which is operated by Reno and Sparks. It allows Reno and Sparks to use the sewage plant's full capacity in exchange for the purchase of \$24,000,000 of water rights. This amount includes DOI's share of funding of \$12,000,000. Washoe County's estimated portion of funding of these water rights purchases is \$2,640,000 and the total joint venture's share (including Washoe County) is \$12,000,000. Bonds totaling \$2,499,194 have been issued as of June 30, 2000. The total bond issuance is shown in Washoe County's General Long - Term Obligations Account Group. Amounts to be provided by the joint venture of \$2,499,194 has been recorded in the General Long-Term Obligations Account Group. If joint venture equity is insufficient to make bond payments, any deficit has been guaranteed by each entity based on the proportional flow contributed to the TMWRF by each entity.

The water rights will be jointly managed by Washoe County, Reno, Sparks, and DOI. Water will be stored in reservoirs and released during the summer when the river flows are low. The acquisition of the water rights by Washoe County, Reno and Sparks are being financed under the State of Nevada Water Pollution Control Revolving Loan Fund or by any other interim financing mechanism as deemed necessary.

Repayment of the financing will be made 50% from a pledged uniform charge on connection fees of new users in Central Truckee Meadows, Spanish Springs Valley, and Reno-Stead, effective January 1, 1997. The



**WASHOE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2000**  
**(CONTINUED)**

remaining 50% will be made from a pledged uniform flow-based charge to customers of the Truckee Meadows Water Reclamation Facility, effective October 1, 1997.

Washoe County is responsible for administration of the joint venture. The arrangement is considered a joint venture because: 1) the agreement results in a contractual entity, 2) joint control exists in a 3 member oversight committee with one member each appointed by Washoe County, Reno and Sparks, and 3) there is an ongoing financial relationship/responsibility on the part of the participating entities.

The arrangement is considered a joint venture with no equity interest recorded on Washoe County's balance sheet as of June 30, 2000, because no explicit and measurable equity interest is deemed to exist. The entire equity was reserved for purchase of water rights and repayment of debt and was therefore unavailable to the County. Each entity (Washoe County, Reno and Sparks) will own an undivided and equal interest in the property and water rights purchased. The county's proportionate share of the water rights and related property purchases are included in the General Fixed Assets Account Group when purchased. Purchases of \$895,594 have been recorded as of June 30, 2000. The joint venture is an ongoing operation.

Separate financial statements and information for the joint venture are available by contacting the Washoe County Comptroller's Department, 1001 E. 9<sup>th</sup> Street, Reno, Nevada. The joint venture maintains its accounting records on the modified accrual basis of accounting.

Comparative summary June 30, 2000 and 1999 financial information for the joint venture is as follows:

**TRWQSA Joint Venture:**

<b>ASSETS:</b>	<b>2000</b>	<b>1999</b>
Cash and investments	\$ 3,633,711	\$ 2,457,641
Interest receivable	43,722	28,999
Due from City of Reno	268,741	197,377
Due from City of Sparks	121,022	65,030
Due from Truckee Meadows Water Reclamation Facility	28,351	8,669
Deposits held by others	-	20,669
Total Assets	<u>\$ 4,095,547</u>	<u>\$ 2,778,385</u>
<b>LIABILITIES:</b>		
Accounts payable	<u>\$ 5,119</u>	<u>\$ 6,000</u>
<b>JOINT VENTURE EQUITY:</b>		
Reserved for purchase of water rights	1,591,234	1,369,601
Reserved for debt service payments	2,499,194	1,402,784
Total Joint Venture Equity	<u>4,090,428</u>	<u>2,772,385</u>
Total Liabilities/		
Joint Venture Equity	<u>\$ 4,095,547</u>	<u>\$ 2,778,385</u>

**WASHOE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2000**  
**(CONTINUED)**

**TRWQSA Joint Venture (Continued):**

	<u>2000</u>	<u>1999</u>
<b>REVENUES</b>		
Charges for Services:		
Connection fees - Washoe County	\$ 42,200	\$ 16,312
Connection fees - City of Reno	488,475	556,506
Connection fees - City of Sparks	204,710	249,280
Usage fees - Washoe County	7,539	6,742
Usage fees - City of Reno	413,941	400,025
Usage fees - City of Sparks	141,960	141,230
Miscellaneous:		
Rental income - net	25,237	7,908
Investment earnings	155,806	53,647
Total Revenues	<u>1,479,868</u>	<u>1,431,650</u>
<b>EXPENDITURES</b>		
Capital Outlay:		
Acquisition of water rights and related properties	1,129,794	979,671
Professional services	85,150	58,175
Bond issuance costs	-	1,526
Debt Service:		
Interest	43,291	15,551
Total Expenditures	<u>1,258,235</u>	<u>1,054,923</u>
Excess of Revenues Over Expenditures	<u>221,633</u>	<u>376,727</u>
<b>OTHER FINANCING SOURCES</b>		
Proceeds from financing	1,096,410	882,584
Proceeds from asset disposition	-	130,710
Total Other Financing Sources	<u>1,096,410</u>	<u>1,013,294</u>
Excess of Revenues and Other Financing Sources Over Expenditures	1,318,043	1,390,021
<b>JOINT VENTURE EQUITY, JULY 1</b>	<u>2,772,385</u>	<u>1,382,364</u>
<b>JOINT VENTURE EQUITY, JUNE 30</b>	<u><u>\$ 4,090,428</u></u>	<u><u>\$ 2,772,385</u></u>

**NOTE 13 – NEW FINANCING AND DEBT RELATED MATTERS**

**New Financing:**

On September 28, 1999, Washoe County passed an ordinance authorizing the issuance of registered Local Improvement District Bonds, Series 1999 for Special Assessment Districts No. 25 (Calle de la Plata), No. 26 (Matterhorn Drive), and No. 27 (Osage Road/Placerville Road) in the aggregate principal amount not to exceed \$958,081. The proceeds will be used for the acquisition, construction and improvement of streets in the districts. Principal and interest payments on the single bond are made semi-annually on April 1 and October 1, commencing April 1, 2000. The interest rate is 5.75%.

**WASHOE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2000**  
**(CONTINUED)**

On March 28, 2000, Washoe County approved a resolution authorizing the sale of General Obligation (Limited Tax) Sewer Bonds in the maximum aggregate principal amount not to exceed \$4,000,000. The bonds are issued through the State of Nevada Revolving Fund for the purpose of financing, wholly or in part, the acquisition, construction, improvement and equipment of sewer projects. Reimbursements for certain expenditures will be made from bond proceeds. The principal and interest payments will be payable to the State of Nevada and will change based on drawdowns. At June 30, 2000, the outstanding balance was \$234,285. The bonds will be secured with pledged sewer revenues. The interest rate on the bonds is 3.7%.

**Bonds Authorized and Unissued:**

On January 25, 2000, the Board of County Commissioners authorized the issuance of up to \$18,000,000 in Certificates of Participation (COPs) at an estimated annual interest rate of 6%. At June 30, 2000 the COP's remained authorized and unissued. The COPs will be used to finance the lease-purchase of a Public Safety Training Complex (Project). The COPs are expected to be issued by the Trust during the 2000/2001 fiscal year and reported as proceeds from financing in the Infrastructure Fund. The COPs will be repaid by the Infrastructure Fund using the proceeds of the \$.125 (1/8 cent) infrastructure sales tax per NRS 377B.

On December 15, 1998, the County authorized the issuance of General Obligation (Limited Tax) Water Remediation Bonds (additionally secured by pledged revenues) for an amount not to exceed \$7,000,000. The Bonds are expected to be issued for \$3,200,000 in November, 2000. The Bonds will be used to defray wholly or in part the cost of financing a plan of remediation of water projects in the County.

**Bond Redemptions:**

On May 1, 2000, the County called for prior redemption, at 102% of principal, \$280,000 of Special Assessment District No. 23 (Southwest Pointe/Arrow Creek) Local Improvement Bonds, Series November 1, 1997 debt. Funds for the redemption were made available from early payoff of the special assessments.

**Defeased Debt Outstanding:**

In prior years, the County defeased certain general obligation debt by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. As of June 30, the following bond issues are considered defeased:

• Consolidated Jail Facility Bonds – Partial Refunding, Series July 15, 1986	\$26,360,000
• Court Complex Bonds, Series March 1, 1992A	245,800
• South Truckee Meadows GID (a Component Unit), July 1, 1996	1,600,000
• Water Resources Fund Bonds Series 1986	<u>735,000</u>
	<u>\$28,940,800</u>

**Changes in General Long-Term Liabilities:**

During the year ended June 30, 2000, the following changes occurred in liabilities reported in the general long-term debt account group:

**WASHOE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2000**  
**(CONTINUED)**

	<u>Balance</u> <u>June 30, 1999</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2000</u>
Compensated absences	\$ 13,156,416	\$ 12,659,037	\$ (11,856,754)	\$ 13,958,699
General obligation debt	74,642,784	1,096,410	(5,955,000)	69,784,194
Sales tax revenue bonds debt	21,915,000	-	-	21,915,000
Special assessment debt	19,650,000	958,081	(1,639,081)	18,969,000
Capital leases	-	129,998	(15,880)	114,118
Totals	<u>\$ 129,364,200</u>	<u>\$ 14,843,526</u>	<u>\$ (19,466,715)</u>	<u>\$ 124,741,011</u>

**Conduit Debt Obligations:**

The County has issued several series of Revenue Bonds for private activity in the public interest. They have been for water and gas facilities and hospital facilities. The Revenue Bonds, which are paid solely from the revenue derived from the projects for which they were issued, do not become liabilities of the County under any conditions, and are therefore excluded from the General Long-Term Obligations Account Group. The aggregate principal amount payable for the twelve series issued prior to July 1, 1995, could not be determined; however, their original issue amounts totaled \$404,120,000. There have been no bonds of this type issued after July 1, 1995.

**Capital Leases and Financial Obligations Payable:**

On July 29, 1999, the Toxicology Fund entered into a financing agreement for \$44,608 with Newcourt Credit Group USA, Inc. The lease/purchase is secured by lab equipment and is payable in 36 monthly payments of \$1,382, including interest of 7.203%.

On November 30, 1999, the Sheriff's Department in the General Fund entered into a financing agreement with GE Capital Public Finance, Inc. The \$129,998 lease/obligation payable is secured by a modular training unit and is payable in sixty monthly payments of \$2,469, including interest of 5.445%.

The Toxicology Fund entered into two financing agreements with Hewlett-Packard during the 1999/2000 fiscal year. The \$91,666 lease, entered into on November 22, 1999, is payable in sixty monthly payments of \$1,782. The \$105,319 lease, entered into on February 1, 2000 is payable in 60 monthly installments of \$2,047. The payments for both leases include interest of 6.24%. The leases are secured by lab equipment.

The following is a schedule of future minimum lease/financial obligations payable, further discussed in Note 14.

<u>Year Ending</u> <u>June 30</u>	<u>Governmental</u> <u>Funds</u>	<u>Proprietary</u> <u>Funds</u>	<u>Total</u>
2001	\$ 29,623	\$ 276,913	\$ 306,536
2002	29,624	163,530	193,154
2003	29,624	148,335	177,959
2004	29,624	146,954	176,578
2005	9,874	124,243	134,117
2006-2015	-	1,010,011	1,010,011
Total minimum lease payments	<u>128,369</u>	<u>1,869,986</u>	<u>1,998,355</u>
Less: Amount representing interest	<u>(14,251)</u>	<u>(409,943)</u>	<u>(424,194)</u>
Present value of minimum lease payments	<u>\$ 114,118</u>	<u>\$ 1,460,043</u>	<u>\$ 1,574,161</u>

**WASHOE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2000**  
**(CONTINUED)**

The following is an analysis of equipment leased under capital leases as of June 30, 2000:

	<u>General Fixed Assets</u>	<u>Proprietary Fund Types</u>
Building	\$ 129,988	\$ -
Machinery and equipment	-	2,604,173
Less: Accumulated Amortization/Depreciation	-	(372,655)
Carrying Value	<u>\$ 129,988</u>	<u>\$ 2,231,518</u>

**Operating Leases:**

Washoe County leases office space, heavy equipment and water rights under various operating lease agreements. Total lease payments in 1999/00 were \$3,448,264. Future minimum payments for these leases are:

<u>Year Ending June 30</u>	<u>Space</u>	<u>Equipment</u>	<u>Water Rights</u>	<u>Total</u>
2001	\$ 1,568,622	\$ 147,407	\$ 38,940	\$ 1,754,969
2002	1,199,903	-	38,940	1,238,843
2003	515,784	-	19,470	535,254
2004	36,596	-	-	36,596
2005	16,008	-	-	16,008
Totals	<u>\$ 3,336,913</u>	<u>\$ 147,407</u>	<u>\$ 97,350</u>	<u>\$ 3,581,670</u>

**Compensated Absences:**

In governmental fund types, the current portion of accrued compensated absences is recorded within the governmental fund in which it arose and the long-term portion is recorded in the General Long-Term Obligations Account Group. In proprietary fund types the entire liability is recorded in the appropriate funds as it is incurred. Current amounts are as follows:

	<u>Current Year</u>		
	<u>General Long-Term Obligations Account Group</u>	<u>Proprietary Funds</u>	<u>Total</u>
Washoe County:			
Vacation	\$ 6,852,037	\$ 412,727	\$ 7,264,764
Sick Leave	3,751,566	193,558	3,945,124
Compensatory	2,661,546	111,268	2,772,814
Benefits	127,563	5,873	133,436
Total County Funds	<u>13,392,712</u>	<u>723,426</u>	<u>14,116,138</u>
Component Unit:			
Truckee Meadows FPD	<u>565,987</u>	<u>-</u>	<u>565,987</u>
Total Compensated Absences	<u>\$ 13,958,699</u>	<u>\$ 723,426</u>	<u>\$ 14,682,125</u>

WASHOE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2000  
(CONTINUED)

**NOTE 14 - WASHOE COUNTY DEBT**

<b>Capital Lease Obligations - Governmental Funds</b>	<b>Date of Issue</b>	<b>Original Note/Issue</b>	<b>Interest Rate</b>
GE Capital lease/Sheriff's Modular Training Building	November 30, 1999	\$129,998	5.445%
<b>General Obligation Bonds - Governmental Funds</b>			
Ad Valorem			
Jail Refunding Bonds	April 1, 1993	29,820,000	4.5% - 8.0%
Public Safety Bonds	December 1, 1996	19,000,000	4.8% - 8.25%
Ad Valorem Supported Bonds			
Medium-Term			
Various Purpose Series June 1, 1999	June 1, 1999	7,030,000	3.8% - 4.6%
Various Purpose Series March 1, 1992A			
Total issue \$21,545,000, of which \$15,855,000 was recorded in General Long Term Obligations Account Group, \$5,690,000 is recorded in Proprietary debt.	March 1, 1992	15,855,000	3.0% - 5.75%
Court Complex and Refunding Bonds Series May 1, 1994	May 1, 1994	7,965,000	3.75% - 5.6%
Various Purpose Series April 1, 1997	April 1, 1997	10,000,000	4.0% - 5.0%
Truckee Meadows Fire Protection District (a component unit) Various Purpose Series June 1, 1999	June 1, 1999	1,300,000	3.8% - 4.6%
Medium-Term Bonds			
Revenue			
Truckee River Water Quality Settlement Series 1998A & 1998B \$2,499,194 Principal Outstanding based on drawdowns	April 1, 1998	12,000,000	3.25%
Total General Obligation Bonds			
<b>Sales Tax Revenue Bonds</b>			
Sales Tax Revenue Bonds Series 1998	December 1, 1998	21,915,000	4.0% - 5.1%
<b>Compensated Absences</b>			
Compensated absences - Note 13	N/A	N/A	N/A

Interest Maturing During Period	Principal Outstanding July 1, 1999	* Issued During Period	Principal Matured\Called During Period	Principal Outstanding June 30, 2000	Payment Due in 2000-2001		Fiscal Year Of Final Payment
					Principal	Interest	
\$3,869	\$-	\$129,998	\$15,880	\$114,118	\$24,002	\$5,621	2005
1,321,848	25,710,000	-	1,575,000	24,135,000	1,660,000	1,244,995	2011
1,042,438	18,190,000	-	600,000	17,590,000	645,000	992,938	2017
2,364,286	43,900,000	-	2,175,000	41,725,000	2,305,000	2,237,933	
279,664	7,030,000	-	645,000	6,385,000	665,000	271,188	2009
289,538	6,005,000	-	1,825,000	4,180,000	1,995,000	182,493	2002
367,712	6,675,000	-	315,000	6,360,000	355,000	351,490	2004
401,962	8,330,000	-	885,000	7,445,000	925,000	362,580	2007
51,971	1,300,000	-	110,000	1,190,000	110,000	50,790	2009
1,390,847	29,340,000	-	3,780,000	25,560,000	4,050,000	1,218,541	
43,291	1,402,784	1,096,410	-	2,499,194	53,578	73,622	2018
3,798,424	74,642,784	1,096,410	5,955,000	69,784,194	6,408,578	3,530,096	
1,048,118	21,915,000	-	-	21,915,000	355,000	1,041,018	2029
-	13,156,416	12,659,037	11,856,754	13,958,699	-	-	N/A

\* Amounts issued during period are shown at face value. Bond proceeds are reported net of applicable premium or discount. During 1999/00 there were no bond premiums or discounts.

Proceeds for debt issued for the Truckee River Water Quality Settlement of \$1,096,410 are included in the separate financial statements of the Joint Venture as discussed in Note 12.

**WASHOE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2000**  
**(CONTINUED)**

**NOTE 14 - WASHOE COUNTY DEBT (CONTINUED)**

<b>Special Assessment Debt**</b>	<b>Date of Issue</b>	<b>Original Note/Issue</b>	<b>Interest Rate</b>
South Sun Valley sewer-\$775,000, Mesa Park water-\$120,000			
Lawton/Verdi interceptor-Phase I-\$870,000	March 1, 1987	\$1,765,000	6.70% - 7.50%
Southwest Truckee Mdws-\$14,810,000, Thomas Ck-\$1,015,000	March 15, 1991	15,825,000	5.40% - 6.75%
North Hills Boulevard	April 1, 1992	638,000	5.35% - 6.45%
Cold Springs Sewer	July 1, 1996	5,500,000	4.0% - 5.7%
Southwest Pointe/Arrow Creek	November 1, 1997	12,825,000	4.5% - 6.5%
Calle de la Plata-\$274,171, Matterhorn Blvd-\$537,251, Osage/Placerville-\$146,659	October 21, 1999	958,081	5.75%
Total Special Assessment Debt			
Total General Long-Term Account Group Obligations			
<b>Proprietary Fund Debt ***</b>			
General Obligation Debt			
Medium-Term			
Water Resources Fund:			
Various Purpose Series April 1, 1993A/Refunding	April 1, 1993	8,580,000	2.4% - 4.5%
Various Purpose Series March 1, 1992A	March 1, 1992	4,615,000	3.0% - 5.75%
Various Purpose Series June 1, 1996	June 1, 1996	1,850,000	4.0% - 5.3%
Golf Course Fund:			
Various Purpose Series March 1, 1992A	March 1, 1992	340,000	3.0% - 5.75%
South Truckee Meadows GID (a component unit):			
Refunding Series 1996	July 1, 1996	1,740,000	3.5% - 5.1%
Revenue			
Water Resources Fund:			
Water Sewer Series 1997 (partial refund 6/4/97)	August 14, 1986	1,445,000	6.3% - 9.0%
Water Sewer Series 1997	June 4, 1997	3,720,000	5.0% - 6.5%
Lemmon Valley Sewer Series 1997	August 13, 1997	1,249,137	3.330%
Sewer Bonds Series 2000A & 2000B	June 30, 2000	4,000,000	3.700%
Golf Course Fund:			
Golf Course Series 1997	September 16, 1997	3,000,000	4.75% - 5.4%
Leases/Notes			
Water Resources Fund:			
Capital lease/sewer capacity - Phases A & C	February 26, 1996	1,447,482	3.825%
Note payable/Mt. Rose water facility	May 25, 1990	120,000	10.0%
Equipment Services Fund:			
Capital lease/equipment	November 21, 1997	1,158,551	5.0%
Toxicology Fund:			
Capital lease/equipment	July 29, 1999	44,608	7.203%
Capital lease/equipment	November 22, 1999	91,666	6.240%
Capital lease/equipment	February 1, 2000	105,319	6.240%
Total Proprietary Fund Obligations			
Total Washoe County Obligations			

\*\* Special assessment bonds are issued to finance improvements that benefit taxpayers in a defined area. Bonds are repaid from assessments levied against the taxpayers, secured by their real property. In case of deficiencies, all bonds except the Southwest Point bonds are further secured by the County's General Fund and taxing power. There is no government commitment for the Southwest Point/Arrow Creek bonds.



****			****				
Interest Maturing During Period	Principal Outstanding July 1, 1999	Issued During Period	Principal Matured/Called During Period	Principal Outstanding June 30, 2000	Payment Due in 2000-2001		Fiscal Year Of Final Payment
					Principal	Interest	
\$12,210	\$165,000	\$-	\$55,000	\$110,000	\$55,000	\$8,195	2002
87,075	1,290,000	-	705,000	585,000	585,000	39,488	2001
12,286	195,000	-	65,000	130,000	65,000	8,288	2002
301,755	5,325,000	-	180,000	5,145,000	190,000	292,042	2017
769,882	12,675,000	-	600,000	12,075,000	340,000	736,810	2018
24,485	-	958,081	34,081	924,000	75,000	52,095	2010
1,207,693	19,650,000	958,081	1,639,081	18,969,000	1,310,000	1,136,918	
<u>\$6,058,104</u>	<u>\$129,364,200</u>	<u>\$14,843,526</u>	<u>\$19,466,715</u>	<u>\$124,741,011</u>	<u>\$8,097,580</u>	<u>\$5,713,653</u>	
\$41,400	\$1,840,000	\$-	\$1,840,000	\$-	\$-	\$-	2000
80,846	1,690,000	-	535,000	1,155,000	560,000	50,174	2002
69,806	1,380,000	-	170,000	1,210,000	180,000	61,646	2006
5,968	125,000	-	40,000	85,000	40,000	3,728	2002
63,995	1,425,000	-	250,000	1,175,000	270,000	51,765	2004
2,800	80,000	-	80,000	-	-	-	2000
200,088	3,535,000	-	180,000	3,355,000	190,000	188,388	2017
40,456	1,226,135	-	47,159	1,178,976	48,743	38,872	2018
-	-	234,285	-	234,285	-	4,359	2020
145,456	2,905,000	-	95,000	2,810,000	100,000	140,825	2018
45,603	1,192,235	-	55,398	1,136,837	57,517	43,484	2015
7,776	80,576	-	4,224	76,352	4,224	7,776	2018
19,245	546,262	-	434,280	111,982	111,982	1,399	2001
2,571	-	44,608	12,626	31,982	14,755	1,823	2003
2,795	-	91,666	9,679	81,987	16,577	4,807	2005
2,173	-	105,319	8,064	97,255	18,843	5,726	2005
730,978	16,025,208	475,878	3,761,430	12,739,656	1,612,641	604,772	
<u>\$6,789,082</u>	<u>\$145,389,408</u>	<u>\$15,319,404</u>	<u>\$23,228,145</u>	<u>\$137,480,667</u>	<u>\$9,710,221</u>	<u>\$6,318,425</u>	

\*\*\* Proprietary fund debt is expected to be retired primarily through operations.

\*\*\*\* The principal outstanding and matured interest totals exclude discounts and interest accruals for proprietary funds.

**WASHOE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2000**  
**(CONTINUED)**

**NOTE 15 - ANNUAL PRINCIPAL/INTEREST REQUIREMENTS**

The annual requirements to amortize all outstanding debt follows:

Year Ended June 30,	General Obligation Ad Valorem Debt		General Obligation Non-Ad Valorem Debt		Special Assessment Debt	
	Principal*	Interest	Principal*	Interest	Principal*	Interest
<b>Governmental - Primary Government</b>						
2001	\$ 2,305,000	\$ 2,237,933	\$ 3,993,578	\$ 1,241,373	\$ 1,310,000	\$ 1,136,918
2002	2,430,000	2,101,380	4,359,781	1,040,039	761,000	1,057,091
2003	2,570,000	1,954,061	4,623,378	878,531	685,000	1,013,780
2004	2,710,000	1,795,938	4,732,093	644,559	726,000	975,826
2005	2,855,000	1,627,347	1,880,929	400,168	776,000	934,493
Thereafter	28,855,000	7,656,935	7,279,435	982,060	14,711,000	6,615,407
	<u>41,725,000</u>	<u>17,373,594</u>	<u>26,869,194</u>	<u>5,186,730</u>	<u>18,969,000</u>	<u>11,733,515</u>
<b>Governmental - Component Units</b>						
2001	-	-	110,000	50,790	-	-
2002	-	-	115,000	46,610	-	-
2003	-	-	120,000	42,010	-	-
2004	-	-	125,000	37,210	-	-
2005	-	-	130,000	31,960	-	-
Thereafter	-	-	590,000	68,468	-	-
	<u>-</u>	<u>-</u>	<u>1,190,000</u>	<u>277,048</u>	<u>-</u>	<u>-</u>
<b>Proprietary - Primary Government</b>						
2001	-	-	1,118,743	487,992	-	-
2002	-	-	1,180,380	429,123	-	-
2003	-	-	572,072	381,674	-	-
2004	-	-	599,927	351,932	-	-
2005	-	-	641,543	320,447	-	-
Thereafter	-	-	5,915,596	1,987,826	-	-
	<u>-</u>	<u>-</u>	<u>10,028,261</u>	<u>3,958,994</u>	<u>-</u>	<u>-</u>
<b>Proprietary - Component Units</b>						
2001	-	-	270,000	51,765	-	-
2002	-	-	285,000	38,302	-	-
2003	-	-	300,000	23,820	-	-
2004	-	-	320,000	8,160	-	-
2005	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>1,175,000</u>	<u>122,047</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<u>\$ 41,725,000</u>	<u>\$ 17,373,594</u>	<u>\$ 39,262,455</u>	<u>\$ 9,544,819</u>	<u>\$ 18,969,000</u>	<u>\$ 11,733,515</u>

\*Principal amounts shown before discounts.

Sales Tax Revenue Bonds		Leases/Notes		Total Debt	
Principal*	Interest	Principal*	Interest	Principal*	Interest
\$ 355,000	\$ 1,041,018	\$ 24,002	\$ 5,621	\$ 7,987,580	\$ 5,662,863
375,000	1,026,417	25,343	4,281	7,951,124	5,229,208
395,000	1,011,018	26,758	2,866	8,300,136	4,860,256
415,000	994,818	28,252	1,372	8,611,345	4,412,513
435,000	977,817	9,763	111	5,956,692	3,939,936
19,940,000	14,233,712	-	-	70,785,435	29,488,114
21,915,000	19,284,800	114,118	14,251	109,592,312	53,592,890
-	-	-	-	110,000	50,790
-	-	-	-	115,000	46,610
-	-	-	-	120,000	42,010
-	-	-	-	125,000	37,210
-	-	-	-	130,000	31,960
-	-	-	-	590,000	68,468
-	-	-	-	1,190,000	277,048
-	-	223,898	65,015	1,342,641	553,007
-	-	117,569	57,961	1,297,949	487,084
-	-	107,886	52,449	679,958	434,123
-	-	111,562	47,392	711,489	399,324
-	-	93,855	42,388	735,398	362,835
-	-	881,625	284,386	6,797,221	2,272,212
-	-	1,536,395	549,591	11,564,656	4,508,585
-	-	-	-	270,000	51,765
-	-	-	-	285,000	38,302
-	-	-	-	300,000	23,820
-	-	-	-	320,000	8,160
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	1,175,000	122,047
\$ 21,915,000	\$ 19,284,800	\$ 1,650,513	\$ 563,842	\$ 123,521,968	\$ 58,500,570

**WASHOE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2000**  
**(CONTINUED)**

**NOTE 16 - DEFERRED REVENUE**

Deferred revenue is revenue which has been received but has not yet been earned or which has been recorded as receivable but is not available to pay current liabilities. Deferred revenue totaled \$24,315,972 at June 30 and is categorized as follows:

	Ad Valorem Taxes	Grants/ Donations	Special Assessment Collections	Other	Total Deferred Revenue
General Fund	\$ 2,768,593	\$ 1,451,141	\$ -	\$ 520,182	\$ 4,739,916
Special Revenue Funds:					
Health	-	191,916	-	-	191,916
Agricultural Extension	11,690	-	-	-	11,690
Indigent Tax Levy	107,866	-	-	-	107,866
Child Protective Services	46,546	34,384	-	-	80,930
Senior Services	11,690	185,092	-	-	196,782
May Foundation	-	41,749	-	-	41,749
Administrative Assessment	-	-	-	726,985	726,985
TMFPD - General	139,843	-	-	146,419	286,262
TMFPD - Stabilization	1,011	-	-	-	1,011
Debt Service Funds:					
Debt Service	66,612	-	-	-	66,612
Special Assessment Debt Service	-	-	16,788,296	-	16,788,296
Capital Projects Funds:					
Capital Facilities	58,295	-	-	-	58,295
Park Construction Tax	-	278,975	-	-	278,975
Public Works Construction	-	-	-	144,023	144,023
TMFPD - Construction	14,944	-	-	-	14,944
Enterprise Funds:					
Water Resources	-	-	-	577,648	577,648
South Truckee Meadows GID	2,072	-	-	-	2,072
Total Deferred Revenue	\$ 3,229,162	\$ 2,183,257	\$ 16,788,296	\$ 2,115,257	\$ 24,315,972

**WASHOE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2000**  
**(CONTINUED)**

**NOTE 17 – OTHER LIABILITIES AND CONTINGENCIES**

Assessments refundable of \$1,823,623 are amounts due to property owners in excess of outstanding debt plus \$10,000 (Surplus and Deficiency portion) per district, and in excess of the minimum reserve requirement for SAD No. 21.

In addition to county general obligation bonds, Washoe County is contingently liable on the following Reno-Sparks Convention and Visitors Authority (RSCVA) bonds:

Series August 1, 1995 General Obligation Bonds	\$ 12,075,000
Series June 1, 1994A, General Obligation Various Purpose Recreational Facility Bonds	1,650,000
Series June 1, 1994B, General Obligation Multi-Purpose Bowling Facility Bonds	7,775,000
Series 1993A General Obligation Bonds	28,805,000
Series 1993B General Obligation Bonds	550,000
Series June 1, 1990 General Obligation Bonds – Partially Refunded	175,000
Series October 1, 1989 General Obligation Bonds - Partially Refunded	17,439,208
Series 1999B General Obligation Bonds - Various Purpose Recreational Facility Bonds	5,950,000
Series January 2000	<u>105,614,283</u>
Total RSCVA bonds	<u>\$180,033,491</u>

Although the County is contingently liable for the general obligation bonds of the RSCVA, in the event of a default by the RSCVA, it is anticipated that resources would be reallocated to retire the bonds. Therefore, Washoe County's liability is remote.

**NOTE 18 - CONTRIBUTED CAPITAL**

	ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS	TOTAL PROPRIETARY FUNDS
Contributed Capital:			
Balance, July 1	\$ 93,817,344	\$ 3,093,049	\$ 96,910,393
General Fixed Assets Account Group - In	31,586	212,870	244,456
General Fixed Assets Account Group - Out	(55,000)	-	(55,000)
Contractors/Individuals/SADs/Others -	14,668,461	-	14,668,461
Contributions to other governments			
Net of accumulated depreciation	(67,088)	-	(67,088)
Hookup fees and water rights dedications	3,947,897	-	3,947,897
General Fund - In	1,964,150	-	1,964,150
General Fund - (Out)	(685,528)	-	(685,528)
Depreciation of contributed assets - current	<u>(1,983,682)</u>	<u>(386,898)</u>	<u>(2,370,580)</u>
Balance, June 30	<u>\$ 111,638,140</u>	<u>\$ 2,919,021</u>	<u>\$ 114,557,161</u>

**NOTE 19 - FUND BALANCE RESERVATIONS, DESIGNATIONS, DEFICITS, AND RETAINED EARNINGS/DEFICITS**

The reserved for future claims in the Washoe County Risk Management and Health Benefits Funds, and TMFPD Health Benefits Fund of \$1,060,062, \$1,887,326 and \$85,216, respectively, are required to pay for future claims up to the individual stop loss limits pursuant to NRS 354.6215. The individual stop loss is \$50,000, \$125,000 and \$15,000 per incident or person per year for the self-funded portions of the Risk Management Fund, the Health Benefits Fund and the TMFPD Health Benefits Fund, respectively. Payment must be made within the policy year.

**WASHOE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2000**  
**(CONTINUED)**

Accounting for reserved for encumbrances is discussed in Note 1. The reserved for encumbrances is legally limited to actual ending fund balance at June 30, 2000 less the budgeted beginning fund balance for fiscal year 2000/01. Since there was an insufficient or no balance available in certain funds, the reserve for encumbrances was limited to \$0 in the Senior Services Fund and \$0 in the Infrastructure Fund. Encumbrances that existed at June 30 will have to be paid from fiscal year 00/01 appropriations as follows: \$14,875 – Senior Services Fund and \$440,175 – Infrastructure Fund.

Fund balances in the debt service funds are fully reserved for future debt service requirements of both principal and interest. Also, in accordance with bond covenants, fund balance of \$324,010 is reserved for debt service in the Infrastructure Fund.

In the TMFPD General Fund, the inventory balance of \$221,957 is reported as a reservation of fund balance.

Fund balance reserved for projects of \$21,420 in the TMFPD General Fund and \$9,812 in the TMFPD Capital Projects Fund represent donations designated for construction of the Sun Valley Fire Station.

Reserved for claims in the TMFPD Pre-Funded Retiree Health Benefits Fund and the TMFPD Unemployment Compensation Insurance Fund of \$1,021,256 and \$44,649, respectively, represents the amount of fund balance available for benefits at June 30, 2000.

Reserved for pool participants represents cash and investments held in trust for other agencies participating in Washoe County's investment pool.

The County records as "Designated/future years expenditures," the budgeted opening fund balances for the forthcoming year in the General, Health, and Public Works Construction Funds. The remaining fund balances in these funds, if any, are shown as undesignated. The remaining governmental and expendable trust funds entire unreserved fund balances are shown as "Designated/future years expenditures," to indicate that they are dedicated solely for the use of each fund.

The actual ending fund balance in the Indigent Tax Levy Fund, Senior Services Fund, Special Assessment Debt Service Fund, Impact Fee Fund, Infrastructure Fund, TMFPD Extraordinary Maintenance Fund, and the Accrued Benefits Fund of \$181,456, \$330,998, \$5,412,589, \$25,550, \$25,816,717, \$18,909, and \$255,926, respectively, are less than the amount budgeted as resources in the funds for the subsequent year. As a result, these funds are being closely monitored in the 2000/01 fiscal year.

Designated fund balance includes an amount "Designated/departmental carryover" in the General Fund, Health Fund and the Public Works Construction Fund, that represents certain unencumbered appropriations (limited to the balance of undesignated fund balance) that have been set aside by the department for expenditures in the subsequent year. These balances will augment 2000/01 appropriations upon Board approval of departmental spending plans.

**NOTE 20 - ENTERPRISE FUND SEGMENT INFORMATION**

Washoe County maintains three Enterprise Funds and one component unit which provide golf and restaurant services, water and sewer services, and toxicology services.

**WASHOE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2000**  
**(CONTINUED)**

Segment information for the year ended June 30, is as follows:

	Water Resources Fund	Golf Course Fund	Toxicology Fund	South Truckee Meadows GID	Total June 30, 2000
Operating Revenues:					
Golf course operations	\$ -	\$ 1,652,964	\$ -	\$ -	\$ 1,652,964
Restaurant operations	-	212,485	-	-	212,485
Sewer operations	2,730,931	-	-	-	2,730,931
Water operations	4,341,584	-	-	1,167,706	5,509,290
Reclaimed water	403,685	-	-	-	403,685
Consulting/engineering services	157,598	-	-	-	157,598
Toxicology services	-	-	308,953	-	308,953
Planning & Other	4,023,432	1,411	-	198,271	4,223,114
Depreciation/Amortization	3,078,056	263,023	25,673	494,015	3,860,767
Operating Income (Loss):					
Golf course operations	-	173,238	-	-	173,238
Restaurant operations	-	(7,560)	-	-	(7,560)
Sewer operations	(894,350)	-	-	-	(894,350)
Water operations	(1,593,092)	-	-	(40,497)	(1,633,589)
Reclaimed water	(30,520)	-	-	-	(30,520)
Consulting/engineering services	(35,421)	-	-	-	(35,421)
Planning	1,780,427	-	-	-	1,780,427
Toxicology services	-	-	(183,485)	-	(183,485)
Non-Operating Revenues (Expenses):					
Ad valorem taxes	-	-	-	239,526	239,526
Investment earnings	991,813	23,836	4,888	192,889	1,213,426
Concession rental	-	16,835	-	-	16,835
Grants - revenue	169,594	-	-	-	169,594
Grants - expenses	(219,358)	-	-	-	(219,358)
Bad debt expense - concession rental	-	(11,194)	-	-	(11,194)
Gain/loss on asset disposition	-	1,418	-	(47,125)	(45,707)
Miscellaneous expense	-	-	-	(3,156)	(3,156)
Interest/bond issuance costs	(477,787)	(142,201)	(7,539)	(80,562)	(708,089)
Operating Transfers In	1,454,704	-	150,000	-	1,604,704
Operating Transfers (Out)	(180,058)	-	-	-	(180,058)
Net Income (Loss)	965,952	54,372	(36,136)	261,075	1,245,263
Plant, Property and Equipment:					
Additions	21,287,516	101,478	273,179	2,803,664	24,465,837
Deletions	25,540	7,989	-	236,099	269,628
Total Assets	115,882,070	5,230,010	339,979	16,607,689	138,059,748
Contributed Capital:					
Capital Contributions In	19,686,995	-	31,586	893,513	20,612,094
Capital Contributions (Out)	(802,989)	-	-	(4,627)	(807,616)
Depreciation on contributed assets - current	(1,725,697)	(32,932)	(2,632)	(222,421)	(1,983,682)
Net Working Capital (Deficit)	8,342,621	840,284	(26,357)	590,765	9,747,313
Notes, bonds, leases payable (Net of discounts)	8,327,112	2,833,248	211,224	1,114,340	12,485,924
Total Fund Equity	\$ 101,640,576	\$ 2,137,154	\$ 60,100	\$ 14,854,728	\$ 118,692,558

**WASHOE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2000**  
**(CONTINUED)**

**NOTE 21 - PARKS RESIDENTIAL CONSTRUCTION TAX**

Washoe County has imposed a residential construction tax, pursuant to NRS 278.4983, to provide the acquisition, improvement and expansion of parks. This tax is collected in conjunction with the issuance of residential building permits. The tax is 1% of the valuation of each residential building permit issued, not to exceed \$1,000 per permit.

The County develops the parks with taxes collected, and interest earned thereon, for the exclusive benefit of the immediate area from which the taxes originate. The parks are developed, to the extent feasible, within three years after 75% of the approved subdivisions are occupied. There are currently six districts and twenty-two subdistricts.

Washoe County received a \$5,000,000 grant in fiscal year 1991-92 from the State of Nevada to develop regional parks. Using part of the grant in fiscal year 1999-00, the Parks Department provided construction of the salt dome at the Lazy 5 Regional Park. A federal grant paid for the construction of the Herman Pond Trail in San Rafael Park. Major non-grant expenditures included phase I construction of the Lazy 5 Regional Park, improvements to the park at the Incline Middle School and the Village Green athletic field, and phase I construction of Phillip and Annie Callahan Park.

**NOTE 22 - PENSION PROGRAM**

**Plan Description.** Washoe County contributes to the Public Employees Retirement System of the State of Nevada (PERS), a cost sharing, multiple employer, defined benefit pension plan administered by PERS. PERS provides retirement benefits, disability benefits, and death benefits, including annual cost-of-living adjustments, to plan members and beneficiaries. Chapter 286 of the Nevada Revised Statutes establishes the benefit provisions provided to the participants of PERS. These benefit provisions may only be amended through legislation. PERS issues a publicly available financial report that includes financial statements and required supplementary information for PERS. That report may be obtained by writing to the Public Employees Retirement System of the State of Nevada, 693 West Nye Lane, Carson City, NV 89703-1599 or by calling (775) 687-4200.

**Funding Policy.** Benefits for plan members are funded under the employer pay contribution plan method. Under this method, the County is required to contribute all amounts due under the plan. The contribution requirements of plan members and the County are established by Chapter 286 of the Nevada Revised Statutes. The funding mechanism may only be amended through legislation.

The County's contribution rates and amounts contributed for the last three years are as follows:

Fiscal Year	Contribution Rate		Total Contribution
	Regular Members	Police/ Fire	
1999-00	18.75%	28.50%	\$23,670,827
1998-99	18.75%	28.50%	\$22,294,706
1997-98	18.75%	28.50%	\$21,168,820

**NOTE 23 - OTHER POSTEMPLOYMENT BENEFITS**

In accordance with NRS 287.023, the Board of County Commissioners adopted the Retiree Health Insurance Program. Employees hired before September 17, 1997, are eligible for payment by the County of a portion of their health benefit premiums upon retirement, based upon years of service to a maximum of 100% after 20 years of service. Retirees are offered medical, prescription, vision and life insurance benefits for themselves and their dependents. Retirees must pay the full premium for their dependents. A new contract with the Washoe County Employees Association eliminated the provision for county paid retiree health benefit premiums for employees hired after September 16, 1997. During the current fiscal year, the County paid \$1,659,998 toward retirees' premiums and claims. Retirees' contributions totaled \$933,734 for 543



**WASHOE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2000**  
**(CONTINUED)**

eligible participants with 146 dependents. The Pre-Funded Retiree Health Benefits Fund, an expendable trust fund, was established in 1997 to accumulate a sufficient fund balance for payment of retiree health benefits in the future.

**NOTE 24 - RISK MANAGEMENT**

Washoe County currently self-funds its fiscal responsibility related to exposures of loss from torts: theft of, damage to, or destruction of assets; and errors or omissions. Since 1981, when Washoe County started self-funding its workers' compensation obligation, it has increased the number of programs where self-funding is practiced and the proportion of the loss exposure, which it self-funds.

Two funds were established to accommodate these programs. The Risk Management Fund in which costs for general liability, auto liability, workers' compensation, property coverages, and unemployment compensation are made; and the Health Benefits Fund which includes payments for life insurance, medical, prescription, dental, and vision programs.

Truckee Meadows Fire Protection District established a Health Benefits Fund in 1996 which includes payments for life insurance, medical, prescription, dental, and vision programs.

Annually there are a number of lawsuits and unresolved disputes involving the County which are administered by the Risk Management Division. These items are reviewed by the Risk Manager with input from the District Attorney's office and the appropriate third party administrator to set values to the extent a value is determinable. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, including the effects of specific incremental claim adjustment expenses, salvage and subrogation; allocated claim adjustment expenses are included. Annually, an aggregate value is placed on all claims through the performance of an actuarial study. The values set by the actuary for both short and long term liabilities are as follows:

<u>Pending Claims:</u>	<u>CURRENT</u>	<u>LONG TERM</u>	<u>TOTAL</u>
Washoe County:			
Property and liability claims	\$ 455,000	\$1,071,000	\$1,526,000
Workers' compensation claims	753,000	2,812,000	3,565,000
Unprocessed Health Benefits Fund claims	600,000	-	600,000
Total County Pending Claims	1,808,000	3,883,000	5,691,000
Component Unit:			
Truckee Meadows FPD:			
Unprocessed Health Benefits Fund claims	117,834	-	117,834
Total Pending Claims	<u>\$1,925,834</u>	<u>\$3,883,000</u>	<u>\$5,808,834</u>

Many items involving the Risk Management Fund do not specifically fall within the criteria used by our actuaries for evaluation. Such items include contract disputes and non-insurance items. In the 1980's, management declared their intention to have \$1,000,000 of retained earnings in the Fund available for claims which fall into areas not recognized in our actuarial studies, or for possible catastrophic losses which exceed parameters of our actuarial studies. Currently, there are retained earnings of \$1,060,062. Total fund equity is \$1,978,755, which includes \$918,693 contributed capital.

The plans contained within the Health Benefits Fund are handled through contracts with an external claims administrator, a preferred provider organization for medical services, and through the purchase of various insurance plans.

There was no significant reduction in those insurance coverages still purchased by the County from the previous year. There were no settlements in excess of insurance coverage in any of the three prior fiscal years. Claims' liability and activity for the Risk Management and the Health Benefits Funds for the fiscal years ending June 30, were as follows:

**WASHOE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2000**  
**(CONTINUED)**

	<u>Risk Management Fund</u>	<u>Health Benefits Fund</u>	<u>Truckee Meadows FPD</u>
Claims liability, July 1, 1998	\$4,760,775	\$ 500,000	\$ 42,450
Claims and changes in estimates	2,298,930	7,593,539	472,447
Claim payments	<u>(1,814,756)</u>	<u>(7,493,539)</u>	<u>(472,529)</u>
Claims liability, June 30, 1999	5,244,949	600,000	42,368
Claims and changes in estimates	1,730,562	8,867,957	708,023
Claim payments	<u>(1,884,511)</u>	<u>(8,867,957)</u>	<u>(632,557)</u>
Claims liability, June 30, 2000	<u>\$5,091,000</u>	<u>\$ 600,000</u>	<u>\$ 117,834</u>

The cost of the current year's programs within the Risk Management Fund and the Health Benefits Fund was similar to that of the prior year. The Risk Management costs include a mixture of costs for personnel, external contractors and consultants, and costs related to claims and litigation for various programs. Property insurance was purchased from outside carriers with a deductible of \$50,000.

The nondiscounted carrying amount of unpaid claims at June 30 is \$7,151,834, which includes \$117,834 for the TMFPD Health Benefits Fund. The interest rate used for discounting was 5.75%

**NOTE 25 - SUBSEQUENT EVENTS**

On June 6, 2000 the Washoe County Board of Commissioners, acting as the Truckee Meadows Fire Protection District (TMFPD) Board of Fire Commissioners approved an Interlocal Agreement with the City of Reno (Reno) to consolidate fire protection services effective July 1, 2000. TMFPD and Reno intend to provide a single fire service for the entire geographic area that was being served by TMFPD and Reno separately. All TMFPD employees have transferred to and are employees of Reno. TMFPD has contracted to pay Reno \$10,528,024 for fire protection during fiscal year 2000/2001.

On July 14, 2000, the Joint Venture received \$138,793 from Washoe County for the May 2000 purchase of the Reed Ranch and Carpenter Water Rights. Washoe County drew down the bond proceeds from the State of Nevada Revolving Loan Fund.

On August 1, 2000 Washoe County issued \$14,000,000 General Obligation (Limited Tax) Medium Term Bonds Series 2000A. The bond proceeds were used to acquire the Pioneer Hotel Property for \$12,000,000, the Richard's Property for \$250,000, and the Conklin Property for \$950,000. The remaining bond proceeds will be used for land improvements. The County expects to pay debt service on the bonds from the ad valorem tax levy in the Capital Facilities Fund.

On September 1, 2000 Washoe County issued \$16,950,000 Certificates of Participation (Public Safety Training Facility Project) Series 2000. The Certificates of Participation (COP's) will be used to finance the lease-purchase of a Regional Public Safety Training Center (Project). The COP's will be repaid from the Infrastructure Fund using proceeds of the \$.125 (1/8 cent) infrastructure sales tax, per NRS 377B.